

457 Deferred Compensation Plan
Arnerich, Massena & Associates, Inc. Investment Option Annual Review
Employee Investment Advisory Council Recommendations - March 8, 2006

EIAC did not make specific “retain” recommendations.				
Fund Name Class & Category Current Status	Assets and Participation 12/31/05	Arnerich Recommendation	EIAC Recommendation	Rationale or Comment
Stable Value Fund	151,269,212 60.30%; pps = 3,453 12/31/04: 145,012,163 62.25%; pps = 3937	Retain		
PIMCO Total Return Admiral Shares	2,052,362 0.82%; pps = 326	Retain		
Intermediate Bond Fund	'04:1,713.441 0.74%; pps = 485			
Dodge & Cox Balanced	14,594.591 5.82%; pps = 1,425	Retain		
Domestic Balanced	12/31/04: 12,335,584 5.30%; pps = 1305			
Davis NY Venture	11,815,974 4.71%; pps = 1,035	Place On Watch (analytics)	Retain	The Davis New York Venture fund tends to not be a pure value fund as it has blend components. The consultant did not believe the blend components compromise the integrity or the value orientation of the fund.
Large Cap Value	12/31/04: 10,822,141 4.65%; pps = 999	Retain (consultant)		
Fidelity Contrafund	15,542,862 6.20%; pps = 1,070	Retain		
Large Cap Blend	12/31/04: 12,865,446 5.52%; pps = 1010			
Vanguard Institutional Index	11,729,119 4.68%; pps = 943	Retain		
Large Cap 500 Index	12/31/04: 12,278,277 5.27%; pps = 1,059			
TCW Galileo Select Equities	1,852,747 0.74%; pps = 263	Retain		The TCW Galileo Select has had manager/staff re-assignment. The senior manager moved to another position in the company, the fund analysts became the portfolio managers. This change may bear watching, but is not cause for action or change.
Large Cap Growth	12/31/04: 2,021,305 0.87%; pps = 318			

Fund Name Class & Category Current Status	Assets and Participation 12/31/04	Arnerich Recommendation	EIAC Recommendation	Rationale OR Comment
Calvert Social Investment Equity A Large Cap Blend Socially Responsible	408,396 0.16%; pps = 124 12/31/04: 349,361 0.15%; pps = 85	Retain		The Calvert Social Investment fund's performance lagged slightly on the short-end as it tends to mimic the index. A fund with a "social bend" may struggle with performance or returns – especially when compared to the total peer group (large cap blend) or the index.
Hotchkis & Wiley Mid Cap Value	3,638,336 1.45%; pps = 523 12/31/04: 2,655,716 1.14%; pps = 348	Retain		
Munder Small Cap Value Small Cap Value	299,041 0.12%; pps = 58 Added in 2005	Retain		
American Funds New Perspective Global Stock	6,128,643 2.44%; pps = 868 12/31/04: 5,619,766 2.41%; pps = 883	Retain		
Mutual Discovery Z Global Stock	6,645,539 2.65%; pps = 761 12/31/04: 5,196,781 2.31%; pps = 633	Retain		
Artisan International Foreign Stock Large Growth	2,117,256 0.84%; pps = 338 12/31/2004: 1,298,712 0.56%; pps = 253	Place on Watch	No Recommendation	The Artisan International Fund was added in 2002, the EIAC did not recommend probation. There may be some discrepancies or other questions relative to the historical data when it was originally added. The benchmarks encompass a 3, 5 & 10 year period.
"Change" Recommendations				
Neuberger Berman High Income Investor High Yield Bond Current Status: New in 2005	395,086 0.16%; pps = 81 Added in 2005	Place on Watch	Place on Probation EIAC vote: 8 -1 1 against: concerned about the possible negative interpretation of "probation" status	The Neuberger Berman High Income Investor was added in 2005 to replace the Columbia High Yield bond fund. The fund is underperforming. That may be because it is assuming less risk than its peers and the index. The fund tends to focus on the higher-quality range of below-investment grade bonds and has a lower than index duration.

“Change” Recommendations Continued				
Fund Name Class & Category Current Status	Assets and Participation 12/31/04	Arnerich Recommendation	EIAC Recommendation	Rationale OR Comment
Artisan Mid Cap Investors Mid Cap Growth	3,560,906 1.42%; pps = 690 12/31/2004: 3,124,310 1.34%; pps = 546	Terminate and replace	Place on Probation EIAC vote: 9 – 0	The Artisan Mid Cap Investors fund performance has lagged the general index and the specific index. Additionally, the fund has experienced significant asset growth and capitalization drift.
Neuberger Berman Genesis Trust Small Cap Blend* On probation, 2004 and 2005	7,991,615 3.19%; pps = 801 12/31/2004: 6,035,014 2.59%; = 739	Replace	Terminate EIAC vote: 8–1 1 against doesn't approve of making participants change funds if they wish to stay in	*The Neuberger Berman Genesis fund was originally classified as a small cap value fund. It has “drifted” t to small cap blend to small cap growth and now possibly to mid cap growth. The fund has been closed to new investors, but it has continues to grow in assets which has resulted in significant exposure to mid cap stocks. The EIAC recommends removing the Neuberger Berman Genesis fund as the small cap blend fund due to its category drift. The EIAC believes the fund is still a good option to maintain in the plan and has an additional recommendation: See Below.
RS Diversified Growth Small Cap Growth On probation, 2005	2,092,560 0.83%; pps = 608 12/31/2004: 3,117,654 1.34%; pps = 675	Terminate and replace	Terminate EIAC vote: 9 - 0	The RS Diversified Growth fund has underperformed both the index and its peer group for the 1, 3 and 5-year timeframes.
Templeton Foreign A International Foreign Stock Large Value	2,712,331 1.08% 12/31/2004: 2,488,359 1.07%; pps = 258	Terminate and replace	Terminate EIAC vote: 9 – 0	The Templeton Foreign fund has changed managers and experienced continued underperformance for the last 3 years.

Additional Recommendations*

*The EIAC separated recommendations from “terminate and search” as one single recommendation to “terminate” (above recommendations) as one recommendation and “search” as another recommendation as specified on the following page.

Possible Board Motions:

Option A: I move we accept and approve the above EIAC recommendations (place Neuberger Berman High Income Investor and Artisan Mid Cap Investors on probation and terminate the Neuberger Berman Genesis Trust, RS Diversified Growth and Templeton Foreign A) for the 457 Deferred Compensation Plan.

Option B: I move we accept and approve the following specified EIAC recommendations for investment option changes within the 457 Deferred Compensation Plan (define which recommendations to accept and approve).

Moved by: _____

Seconded by: _____

Vote: _____

Additional Recommendations (contingent upon above recommendations)

Search for replacement funds for:

- 1) a mid cap growth fund and consider the Neuberger Berman Genesis Fund in this search (Artisan on probation; Neuberger Berman Genesis terminated as small cap blend);
- 2) a small cap blend fund (Neuberger Berman terminated as small cap blend – may be retained, pending search results, as mid cap growth fund);
- 3) a small cap growth fund (RS Diversified terminated as small cap growth);
- 4) a foreign large value fund (Templeton Foreign terminated as foreign large cap value).

Possible Board Motion:

Option A: I move we accept and approve the above EIAC recommendation for fund searches for the 457 Deferred Compensation Plan.

Option B: I move we accept and approve the following specified EIAC recommendations for investment option changes within the 457 Deferred Compensation Plan (define which recommendations to accept and approve).

Moved by: _____

Seconded by: _____

Vote: _____